Oil Sands
Media Monitoring Report

CanadaWest FOUNDATION

March 18, 2010

Monthly Overview

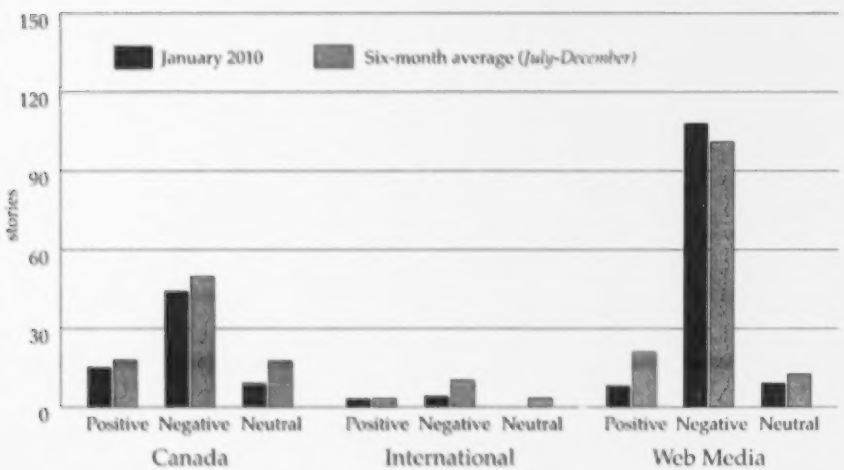
Total coverage of the oil sands remained steady in February with only ten fewer stories than the previous month. While there was a sharp drop in economic and positive environmental coverage, this drop was countered by a matching rise in negative environmental stories, particularly in web media.

January's relative lull in environmental coverage turned out to be temporary. In February environmental protesters caused a surge in negative environmental stories, bringing the total back above the six month average. Negative environmental coverage nearly tripled from January's levels, although it remained well below December's record high. Positive and neutral environmental coverage, however, dropped slightly in the Canadian media and plummeted in web media. Positive and neutral environmental coverage fell under the six month average in all categories.

Economic coverage was also down in February. After surpassing environmental coverage for the first time the previous month, in February the economic coverage dropped in nearly all categories. However, the drop merely returned the number of economic stories to its typical level. Economic coverage remained mostly above, and at worst only slightly below the six month average.

Environmentalists drove the two largest stories in February. Environmental organization ForestEthics convinced two large American retailers to boycott fuels made from oil sands crude, with mixed results. And after a quiet January, oil sands protesters made themselves known throughout the Winter Olympics in Vancouver.

Environmental Stories



Methodology

The media monitoring process used for this report made use of the Google search engine's Google Alerts feature. Each day, the Google engine searched the Internet for related stories and delivered the hits in an email. Three search terms were used to guide the internet searches: "oil sands," "oilsands" and "tar sands." The vast majority of sites criticising the oil sands use the more pejorative term "tar sands," so in order to receive a more complete snapshot of public opinion the term was included in the search. Also included in the search was the French term for oil sands, "sables bitumineux," in order to bring in stories from the French language media.

This process brought in several hundred items: once re-posts and stories not connected or only peripherally connected to the oil sands were weeded out, there remained a total of 331 stories over the course of February 2010. These stories were gathered from blogs, environmental and economic websites and media outlets reaching audiences around Canada and the world.

The stories were analyzed and broken into two categories: environmental and economic. Stories that portrayed the oil sands in a positive light through their contribution to the Canadian economy, value to energy security or advances in efficiency, or stories in which corporations and governments defend the development of the oil sands were classified as "positive." Stories whose focus was on the costs of oil sands development such as carbon emissions, water use, job loss or falling stock prices, or stories that called attention to such costs without also presenting the benefits of the oil sands were classified as "negative." Stories that discussed the oil sands without comment on their costs or benefits, or which discussed both equally, were classified as "neutral."

Key Stories

An attempt by environmental organization ForestEthics to turn Fortune 500 companies against oil sands crude was the most frequently reported story in February. Due to lobbying from ForestEthics, organic grocery chain Whole Foods and home decoration chain Bed Bath and Beyond both announced intentions to stop the use of fuel made from oil sands crude in their trucks. The boycotts were celebrated by environmentalists and covered 22 times online.

Announcement of the boycott was less well-received in Canada, however. The boycotting of Alberta bitumen swiftly led to threats of boycott against Whole Foods and Bed Bath and Beyond by Canadian consumers angered at their move against a Canadian industry.

Coverage of the boycott tended to focus on Whole Foods. Bed Bath and Beyond was mostly only mentioned in the earliest stories. This may be because the chain began backpedalling away from the boycott within a day. The chain swiftly put out a press release stating that "Characterizations that we have rejected any particular fuels are not accurate as we are not in a position to do so." In place of a boycott, the release claimed that Bed Bath and Beyond merely encourages its transportation providers to "be aware of the issues associated with fuels generally, and… lessen their use of fuels which they know would be counter to this goal, where feasible." Critics of the initial boycott were quick to question what, if anything, this stance was meant to accomplish.

But even Whole Foods, which did not backtrack, received criticism for its boycott. Some critics denounced the boycott as "greenwashing," an empty statement of environmental responsibility that will yield no actual results. Analysts stated that gasoline and diesel fuel is made from a mixture of sources, and that there is no real way for gasoline purchasers to truly know where the fuel originated from.

Amongst the critics was Alan Knight, a sustainable development consultant from the UK who investigated moving away from oil sands-based fuel for Virgin Airlines. Knight stated that it was difficult to see the boycott as anything but a publicity stunt, as his own research into the issue showed that shunning oil sands fuel was not only impossible, but actually harmful to the environment. Instead of boycotting the entire industry, he stated, companies should prod industry towards developing and implementing cleaner technology and stop buying only from those who are slow to do so. "Boycotting is a lot easier. It's a lot cheaper and you get really good PR," Mr. Knight said. "But you won't solve the problem. You'll bury the problem and hide it and probably make it worse."

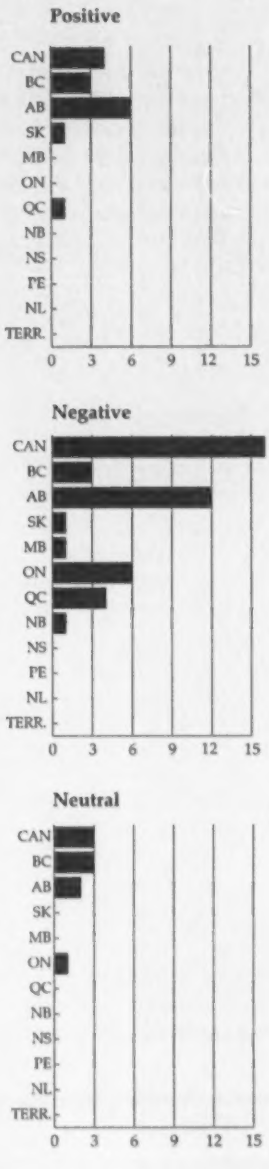
However many criticisms there were of the boycott, they did not dominate the story. Most stories focused on the decision of two Fortune 500 companies to cease buying oil sands fuel and the intention of ForestEthics to convince others. The boycott was covered 22 times in web media, 12 times in Canadian media and once in London's Financial Times. Criticism

of the boycott was only covered seven times by Canadian media and four times online. No further Fortune 500 boycotts have been announced, but ForestEthics' website states that their next targets are Safeway, Walmart and Radio Shack.

The second key story involves protests at the Olympics. After a quiet January, environmental protesters were back in force for the Olympic Games in Vancouver, though not at the same level as December's protests at the COP15 conference in Copenhagen. Beginning with the Olympic torch run, environmental protesters staged several demonstrations throughout the games. The primary goal was to call attention to the involvement of certain key Olympic sponsors (primarily the Royal Bank of Canada) in the oil sands, decrying their support of what had been called the "green Olympics" as simply trying to "greenwash" their corporate image while continuing to finance the oil sands.

Environmental protests at the Olympics were covered 18 times through web media, but only received one mention in the traditional media: Edmonton's Vue Weekly newspaper.

Environmental Stories by Area *(February 2010)*



Environmental Stories

Federal Minister for the Environment Jim Prentice spoke out on the oil sands in February during a speech to business leaders in Calgary. Prentice called on the oil industry to work with the government to improve its environmental track record and the country's reputation. Prentice stated that working towards cleaner energy was "a responsibility that accompanies the right to develop these valuable Canadian resources." In the same speech, Prentice confirmed Ottawa's intention to match Canadian carbon reduction strategies with the United States, adjusting Canada's target of a 20% reduction from 2006 levels to the American target of a 17% reduction from 2005 levels.

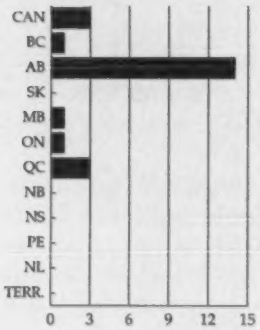
There was some questioning from environmentalists about whether Prentice's speech would actually lead to any action from the federal government on environmental issues. Prentice stressed that the government did have the will to act, and called for the support of the oil industry, but did not lay out a plan.

Prentice also criticized Quebec's new car standards in his speech. The Quebec media seized on these comments, claiming Prentice was deflecting criticism from the oil sands by attacking Quebec car standards.

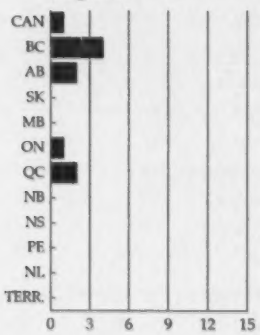
Later in the month Prentice also addressed the Whole Foods boycott, stating that it was proof of the oil sands' negative reputation and a demonstration of the need for government and industry to do better. Prentice's comments on the oil sands were covered in 11 Canadian outlets and five times online.

Economic Stories by Area
(February 2010)

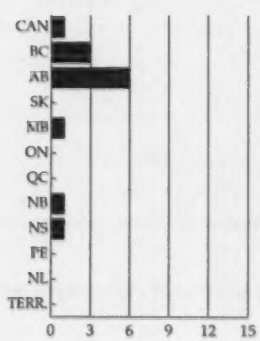
Positive



Negative



Neutral



The Sierra Club took advantage of the Winter Olympics to launch a new campaign. The campaign used the lack of snow in Vancouver during the Olympics as the launching point for its campaign, titled "Love Winter, Hate the Oil Sands." The Sierra Club used the lack of snow as an indicator of climate change, cautioning that global warming could threaten winter and the winter sports based around it, such as skiing and snowboarding. The club then tied climate change to the oil sands. This campaign has not received any mainstream media attention, but has been covered nine times in online media, with many more sites offering links to acquire a "Love Winter, Hate the Oil Sands" bumper sticker.

At the beginning of the month, the Canadian Parks and Wilderness Society warned that ongoing oil expansion could threaten the survival of Canada's caribou population. The society sent a letter to the federal and Alberta governments calling for the need to protect caribou habitats from oil sands development. They cite a 50% drop in caribou populations in the area since 1993.

There were no positive environmental stories that received much attention in February. Positive stories did exist, but none received enough coverage to be considered a trend. Stories such as advancements in reducing the amount of bitumen in tailings water and progress at the University of Calgary towards a method of unlocking and upgrading bitumen prior to extraction were only covered once or twice. The most significant positive stories were reactions to and criticisms of the larger negative stories.

Economic Stories

British petroleum company BP PLC was a key figure in both the positive and negative economic news in February. On the negative side, a group of investors joined together to try and force BP to divest itself of its oil sands holdings. Another group tried a similar, albeit less reported, tactic with Shell. Involved in this shareholder movement is a campaign group called FairPensions, which encourages and assists people in investigating if their pension fund is invested in companies involved in the oil sands. Their goal is to leverage pension funds against oil sands companies in order to compromise their funding.

That investor group is off to a slow start in influencing BP away from the oil sands, however. In February BP began moving towards a $1.2 billion purchase of a share in Calgary's Value Creation Inc., which has substantial oil sands holdings. Word of this possible purchase came after the investor group had begun its efforts, indicating that thus far they've had little influence.

BP faces international competition for Value Creation's shares. India's largest oil refining complex, Reliance Industries Ltd., also made a $2 billion bid for the company. It is believed BP has the edge, and the Wall Street Journal reported that BP may increase its bid to $2 billion to cement its place ahead of Reliance.

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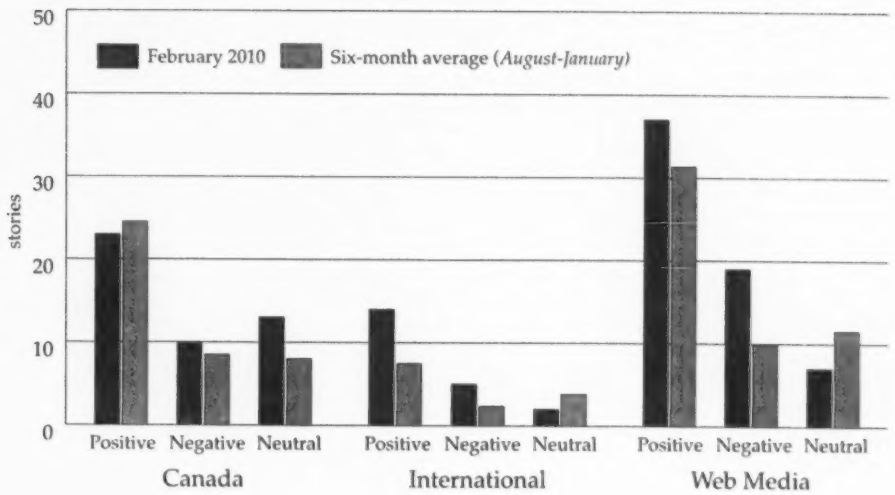
Economic Stories



The BP investors' attempts to pull the company out of the oil sands were covered in three Canadian outlets, three international outlets (Reuters and two British papers) and six websites. BP's potential purchase into Value Creation was covered five times internationally, six times online and once in Canada (the Calgary Herald). Reliance's interest in Value Creation was only covered by the Wall Street Journal, Globe and Mail and three financial websites. FairPension's efforts were discussed on eight websites.

The Quebec government took flak from the Canadian press in February over its stance on the oil sands. While Quebec has been a vocal opponent of the oil sands, most notably during the UN climate change conference in Copenhagen, in February the provincial government's website began attempts to encourage Quebec businesses to take advantage of the opportunities in Alberta's oil patch. Oil industry supporters and reporters seized on this apparent inconsistency, in that the Quebec government wants to benefit from the economic opportunities of the oil sands while still decrying their environmental detriments. The Quebec government was quick to defend its actions, stating that a desire for Quebec businesses to seize an opportunity did not clash with their concerns over the oil sands' carbon emissions. The Quebec controversy was covered 12 times by the Canadian press and three times in web media. ■